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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

AUG 26 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Implementation of the Pay)
Telephone Reclassification)
and Compensation Provisions)
of the Telecommunications)
Act of 1996)

CC Docket No. 96-128

COMMENTS OF GENERAL COMMUNICATION, INC.

General Communication, Inc. (GCI) submits these comments in response to the Commission's Public Notice seeking comment on the issues remanded to the Commission in the above captioned proceeding.¹

The D. C. Court of Appeals determined that the Commission

acted arbitrarily and capriciously in selecting the interim and permanent rates of compensation for access code and subscriber 800 calls; in requiring only large IXCs to pay PSPs for these calls during the first year; in failing to provide any interim compensation to PSPs for so called "0+" calls and calls from inmate payphones; and in prescribing fair market value for payphone assets transferred from a BOC to a separate affiliate.²

GCI herein comments on the issues relating to interim compensation to the payphone providers and who should contribute to that compensation.

¹Pleading Cycle Established For Comment On Remand Issues In the Payphone Proceeding, CC Docket 96-128, DA 97-1673, released August 5, 1997.

²Illinois Public Telecommunications Association v. FCC, Case No. 96-1394, D.C. Circuit (July 1, 1997).

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I. All Beneficiaries Should Contribute

The Court found that "the FCC acted arbitrarily and capriciously in requiring payments only from large IXC's - those with over \$100 million in toll revenues - for the first phase of the interim plan."³ Further, the Court said "the FCC did not establish a nexus between total toll revenues and the number of payphone originated calls."⁴ The Commission should require all IXC's and all LEC's to compensate payphone providers. Otherwise, IXC's with revenues just barely over \$100 million dollars would be contributing and IXC's with revenues just under \$100 million dollars would be exempt, no matter how many 800 and access code calls are made by each carrier's customers. This policy is discriminatory and forces some carriers, such as GCI, to pay the costs of its competitors. Furthermore, exempting LEC's from paying compensation is discriminatory. GCI has just over \$100 million in revenues and estimates under the plan remanded herein that it would have to pay \$1.8 million in compensation to the payphone providers.⁵ However, a slightly smaller IXC and all LEC's are getting a free pass. No carrier should be obligated to pay for its competitors costs. All IXC's and

³Id at page 17.

⁴Id.

⁵Under a pay per call plan, GCI estimates that it would pay 1/2 that amount.

LECs⁶ should compensate the payphone providers.

II. Most IXCs Cannot Privately Negotiate With Payphone Providers for a Better Compensation Rate

The Commission claimed that the IXCs would have "substantial leverage" to negotiate a reasonable compensation rate based on their ability to block 800 calls. This thinking is ridiculous. GCI, as a small IXC operating primarily in the State of Alaska, is not in a position to privately negotiate with payphone providers around the country to get a better compensation rate. Moreover, GCI does not want to block calls from payphone locations. This would only inconvenience and frustrate GCI's customers when they try to make an 800 or access code call. The Commission must establish a reasonable compensation rate for all contributors. No carrier should be allowed to negotiate a lower rate than that set out by the Commission

III. Contributions Should Be Based On Dial Around Calls

Contributions by each carrier should be based the number of dial around calls, i.e., 950, 800 and 10XXX, from a payphone. These are the types of calls the payphone provider is not currently receiving compensation. This method would more accurately reflect the amount each carrier should contribute.⁷ Total toll revenues of a carrier does not

⁶ILECs should not be allowed to put these costs back on the IXCs through access charges.

⁷Obviously not all 800, 950 and 10XXX calls are made from payphones. However, this number would more accurately reflect the number of calls actually being made from payphones than

necessarily correlate to the number of dial around calls at payphones.

IV. Verification Policies Need to Be Implemented

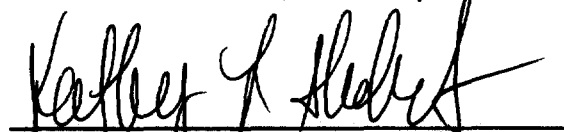
GCI has received hundreds of bills from payphone providers. Some have been handwritten, some typed, some on disk. GCI is unable to verify that the provider is actually a payphone provider that should be compensated. The payphone providers should set up a clearinghouse to verify that a certain ANI is a payphone and deserves compensation.

Conclusion

The Commission should have all telecommunications carriers contribute and base the contributions on dial around calls.

Respectfully submitted,

GENERAL COMMUNICATION, INC.



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toll revenues of a telecommunications carrier.

STATEMENT OF VERIFICATION

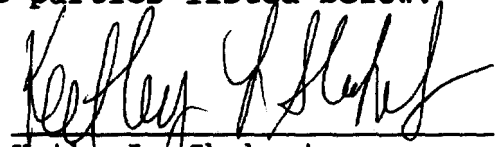
I have read the foregoing, and to the best of my knowledge, information and belief there is good ground to support it, and that it is not interposed for delay. I verify under penalty of perjury that the foregoing is true and correct. Executed this 26th day of August, 1997.

A handwritten signature in black ink, appearing to read "Kathy L. Shobert", written over a horizontal line.

Kathy L. Shobert
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CERTIFICATE OF SERVICE

I, Kathy L. Shobert, do hereby certify that on this 26th day of August, 1997 a copy of the foregoing was sent by first class mail, postage prepaid, to the parties listed below.


Kathy L. Shobert

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